

Is Adam Smith's Moral Philosophy an Adequate Foundation for the Market Economy?

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Alasdair MacIntyre argues that the Enlightenment ideology, which includes Adam Smith's moral theory, lacks any sense of telos and will, therefore, fail in the long run. This article accepts MacIntyre's challenge and examines Smith's moral philosophy arguing that Smith did not completely discard a telos-based moral philosophy. Human nature, custom, and habit are only part of Smith's moral framework, which does have touches of an Aristotelian-based virtue ethics that seeks the perfection of people. From this assertion, the question arises whether a Smithian based moral theory is a sufficient foundation on which markets can thrive. The affirmative response to this question leads one to ponder what value a Christian-based moral system adds to the viability of the social order. Several responses to this question are offered, but the position that one takes on this question will depend on the theological tradition from which one comes.

Introduction

This article attempts to show that Adam Smith did not completely abandon the notion that morality must ultimately be derived from the purpose or telos for which people were created. Alasdair MacIntyre argues that Adam Smith and other Enlightenment thinkers considered moral life to be outside the scope of reason and objective analysis. Rather, they based morality on what subjectively seemed natural and appropriate in a particular context given the nature of humanity. He believes that this project will ultimately fail along with whatever social systems are built on such a moral base. While I believe MacIntyre

makes an important point about the prospects for a social order constructed without some ultimate purpose, I will argue that Smith did not exclude human telos from his work and that his moral system has enduring qualities that can sustain the market economy if followers of Smith are willing to integrate Smith's moral theory with his economic system. Finally, I will suggest that Christianity adds important qualities to economic life but that a market economy does not have to be Christian to survive.

MacIntyre's Challenge to Enlightenment Thinking

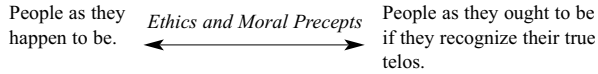
In *After Virtue*, Alasdair MacIntyre argues that the Enlightenment's quest for unconditional scientific truth has contributed to the marginalization of questions about meaning and value in contemporary philosophy and social science. This is true because "Reason is calculative; it can assess truths of fact and mathematical relations but nothing more. In the realm of practice, therefore, it can speak only of means. About ends it must be silent. Reason cannot even, as Descartes believed, refute skepticism; and hence, a central achievement of reason according to Pascal, is to recognize that our beliefs are ultimately founded on nature, custom, and habit."¹

Consequently, the Enlightenment thinkers, when dealing with ethics and morality, grounded behavior in speculation about people as they happen to be, given their nature as well as their social and cultural setting. This rejection of objective reason as a foundation for ethical and moral judgment, in MacIntyre's view, will cause such judgments to fail as meaningful guides in life. MacIntyre sees Pascal, Descartes, Hume, and most other Enlightenment thinkers as contributing to this trend. They all have made moral life little more than something that seems reasonable and acceptable from the vantage point of human nature itself. In MacIntyre's view, even Kant believed along with Pascal and Hume that reason

discerns no essential natures and no teleological features in the objective universe available for study by physics. Thus, their disagreements on human nature coexist with striking and important agreements, and what is true of them is true also of Diderot, of Smith, and of Kierkegaard. All reject any teleological view of human nature, any view of man as having an essence that defines his true end. But to understand this is to understand why their project of finding a basis for morality had to fail.²

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MacIntyre's framework for conceptualizing the problem can be sketched as follows.



If people are to make sense of moral precepts, they must understand their lives as having a telos that originates outside of their own nature and, toward which, these moral precepts give guidance. Within this teleological framework, the moral precepts lead to socially constructive behavior which, when institutionalized, provides an effective social glue. On MacIntyre's account, this teleological approach to grounding moral precepts held sway throughout the history of the West until the Enlightenment period, first in terms of Aristotle's metaphysical biology and then in terms of medieval Christendom's assumption of divine providence. When these worldviews were diminished by Enlightenment thinking, the essential importance of teleology faded and moral precepts were left hanging without an anchor. In the diagram above, the right-side box disappears and ethics and moral precepts have no grounding. In short, because Enlightenment thinkers supposed that sufficient moral resources could be found within human nature alone, they no longer saw a need for the teleological foundations previously provided by metaphysical biology and Divine Providence.

The fallout of this failure of Enlightenment thinkers to understand the importance of telos for grounding moral precepts, MacIntyre maintains, is emotivism. In MacIntyre's words, "For what emotivism asserts is in central part that there are and can be no valid, rational justifications for any claims that objective and impersonal moral standards exist and hence that there are no such standards."³ Rather, moral standards are subjective, contextualized, and individually conditioned. MacIntyre's characterization of Enlightenment thought emphasizes the autonomous individual as the focal point of analysis.

The unifying preoccupation of that tradition is the condition of those who see in the social world nothing but a meeting place for individual wills, each with its own set of attitudes and preferences and who understand that world solely as an arena for the achievement of their own satisfaction, who interpret reality as a series of opportunities for their enjoyment, and for whom the last enemy is boredom.⁴

In other words, one of the side effects of the Enlightenment failure is a world that sees people operating as the economic person, *homo economicus*.

While MacIntyre's assessment of the Enlightenment condition may be correct, I believe his reading of Adam Smith as one who contributed to the decline of a telos-based morality is debatable. Indeed, it is a thesis of this article that Smith went to great pains to understand humans as they happen to be and as they ought to be if they realize their true telos. His life's work in moral philosophy was an attempt to show the moral process that is needed to control human passions so that a higher moral purpose, external to the person, could be reached. True, Smith was a product of the process that MacIntyre describes, but he was never able to completely abandon the idea that authentic morality and ethics need some sense of human telos even though that sense is based on a nebulous, transcendent awareness rather than on a God of revelation. Smith's moral theory will be summarized in the following sections with special attention given to the way in which human telos seeps through the analysis.

Why It Is Easy to Misinterpret Smith

For more than two centuries Adam Smith has been recognized as one of the most astute analysts of economic behavior in spite of the fact that his work was done before the Industrial Revolution reached its full bloom. He is not easy to categorize because of the many influences that were at work in his thinking. He was schooled in the Scottish Enlightenment context and heavily influenced by a Christian, Francis Hutcheson, who believed that humans have an innate moral sense. He was a close personal and professional friend of the atheist empiricist David Hume, who came out of a Scottish Presbyterian background. Significant to his moral theory is the influence of the Stoic tradition reaching back to the Greeks. Their concept of a logos-ordered world to which one submitted by self-control was not lost on Smith. The deist label is most commonly applied to Smith's philosophical and religious posture, since he sees the Creator as a benevolent but detached force in the order of things.

At the outset, it is important to note two reasons why a modern reading of Smith can easily result in MacIntyre's placement of Smith with the typical Enlightenment scholar. The background that Smith worked against was one in which Christianity's heavy moral hand on commerce was beginning to fall away. Its impact had been restrictive, and profitable commercial activity had often been considered sinful. Smith's views had the effect of replacing Christian theology with a Stoic form of natural theology. If Smith was going to err in his efforts, he would most likely have wanted to err on the side of downplaying anything that looked like religious moral restraint. On the other

hand, modern economists work in a methodology that claims to be value-free. They are inclined to see moral issues and notions of virtue as outside of economic thinking altogether. Putting these two tendencies together, it is fair to conclude that most interpretations of Smith's work will lean in the direction of seeing a minimum of moral reflection in Smith's work. In short, moderns, who see no role for moral reflection in economic analysis, interpreting Smith, who was trying to move economics away from oppressive moral rules, will quite easily see an absence of telos in Smith's work.

A Brief Overview of Smith's Moral Philosophy

For Smith, the innate passions of humanity fall into three main categories: the social passions of generosity, compassion, and esteem that, when practiced, lead to benevolence and self-control. Unfortunately, these are rare and cannot be counted on to provide the glue of a social order. The unsocial passions of hate, envy, and revenge are never condoned as a social practice and they cannot be transformed into a social virtue. The third category of passions includes grief, joy, pain, pleasure, and self-preservation. These passions are the key to the formation of the social order, and when the downside of these passions is channeled for good, these passions become the virtues of prudence and justice.

The key to the transforming of passions into virtues is three screens or conditioners that function to make society viable. The first is sympathy, which helps people see themselves as others see them. The innate ability to see, hear, feel, and identify with another person's situation and to experience the same fellow-feeling in return creates an interdependency that is socially constructive. The second screen is the impartial spectator, which acts to provide a totally unbiased perspective on how the passions are lived out. Finally, there is always the appeal "to a still higher tribunal, to that of the all-seeing Judge of the world, whose eye can never be deceived, and whose judgments can never be perverted."⁵

If this system of three checks on the passions is effectively supported by the proper institutional structures, then the social order can be viable and virtuous. In the area of economics, a market order will best fit this moral framework because of its compatibility with the rules of prudence and justice. The key is the effective control of the passions, and it is the moral order described above that must be present in order for the market system to succeed. What follows is a more detailed discussion of that moral system with special attention

given to the question of whether that system is based on nature, custom, and habit alone or whether there is a moral force involved that is anchored in some sense of human telos or essence that defines human purpose.

Moral Sympathy: The First Building Block of Smith's Moral System

The Theory of Moral Sentiments is a delight to read if for no other reason than that it puts the reader in touch with his feelings. For Smith, nature has instilled in people the necessary ingredients to make society viable and flourishing. Unlike modern economists, Smith assumes that people are highly interdependent as they consider the alternatives they face. Because people share similar feelings and passions, they can identify with others as others express their passions in behavior. This identification Smith called *sympathy*, and it is deeply rooted in our being. "By the imagination we place ourselves in his situation, we conceive ourselves enduring all the same torments, we enter as it were into his body and become in some measure the same person with him, and thence form some idea of his sensations, and even feel something which, though weaker in degree, is not altogether unlike them."⁶

The instinct of sympathy is not a rational transporting of one into another's shoes. Rather, it is a built-in response that is, for the most part, involuntary. Smith's example is instructive: "When we see a stroke aimed and just ready to fall upon the leg or arm of another person, we naturally shrink and draw back our own leg or our own arm; and when it does fall, we feel it in some measure and are hurt by it as well as the sufferer."⁷ Many other real-life situations are used to tease out a common-sense notion of this identification process for each of the three categories of human passions.

Even though the social passions do not dominate behavior, they nevertheless are operative in everyone. "How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortunes of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it."⁸ The passions of pity and compassion for someone in dire circumstances illustrate how one's happiness is reduced by observing distress or pain in another person. Conversely, the alleviation of such pain enhances our pleasure. This consideration of others occurs because of our ability to assess how we would feel if we were in the suffering person's place. This exercise of our social passions through sympathy is the most meritorious behavior possible in our state of mutual interdependence.

If these caring passions were all that human nature instills in people, there would be little need for moral dialogue because we would all naturally act in morally desirable ways. There would not need to be any search for telos, either, because outside moral guidance would be unnecessary. Indeed, ethics and morality would not be issues for debate, since people would be innately programmed to do the right thing. However, Smith recognized that these passions are only part of the complex makeup of people. In fact, these social passions, he felt, are not the dominant passions and therefore they cannot make the social system viable.

The selfish and the unsocial passions are harder to socialize, but sympathy again has not left us hopeless. First, our sympathy with others is conditioned by the context involved. "Even our sympathy with the grief or joy of another, before we are informed of the cause of either, is always imperfect.... Sympathy therefore does not arise so much from the view of the passion as from that of the situation that excites it."⁹ Second, we seek the approval or approbation of others because we are social beings. "But whatever may be the cause of sympathy, or however it may be excited, nothing pleases us more than to observe in other men a fellow-feeling with all the emotions of our own breast."¹⁰ This tendency helps to condition the selfish passions in ways that bring social harmony.

Clearly, Smith's notion of self-interest is not expressed as the isolated preference of an independent economic agent but, rather, as the conditioned response of an interdependent participant in a social process. The interdependent nature of sympathy allows this screen of sympathy to function effectively. As Pat Werhane points out, even the butcher and the baker in the oft-used quote in *Wealth of Nations* cannot ignore the preferences and expectations of people when they pursue their own interest in the restaurant.¹¹ In fact, they are operating in a social environment that relies heavily on the interdependence that is inherent in sympathy. One can successfully appeal to their desire to be socially acceptable as well as to their narrow self-interest. The ability to be in sympathy with another is to go beyond personal boundaries and interests toward a sense of what is appropriate for social harmony in a given context. Sympathy in practice puts one in a community context.

So far, there is little in this moral theory to suggest that morality is more than human nature, customs, and habits. Unfortunately, sympathy has a downside. There are tendencies in human nature that can cause the group to approve of behavior that is morally questionable. One of the most pervasive examples of this problem in Smith's work is the manner in which we elevate the rich and disdain the poor. "It is because mankind is disposed to sympathize more

entirely with our joy than with our sorrow, that we make parade of our riches and conceal our poverty.”¹² This theme recurs regularly with a pejorative tone toward those with great wealth. “This disposition to admire and almost to worship the rich and powerful, and to despise, or at least, to neglect persons of poor and mean conditions, though necessary both to establish and to maintain the distinction of ranks and the order of society, is, at the same time, the great and most universal cause of the corruption of our moral sentiments.”¹³ Smith recognizes the tension between our desire to be wealthy and to command respect and our desire to be wise and to be virtuous, which would lead to a more active care for the poor.

But upon coming into this world we soon find that wisdom and virtue are by no means the sole objects of respect; nor vice and folly, of contempt. We frequently see the respectful attentions of the world more strongly directed towards the rich and the great, than towards the wise and the virtuous. We see frequently the vices and follies of the powerful much-less-despised than the poverty and weakness of the innocent. To deserve, to acquire, and to enjoy the respect and admiration of mankind, are the great objects of ambition and emulation. Two, different roads are presented to us, equally leading to the attainment of this so-much-desired object; the one by the study of wisdom and the practice of virtue; the other by the acquisition of wealth and greatness.”¹⁴

Smith is clear about which road, he believes, tends to dominate for those capable of traveling on it.

To attain to this envied situation, the candidates for fortune too frequently abandon the paths of virtue; for unhappily, the road, which leads to the one, and that which leads to the other, lie sometimes in very opposite directions. But the ambitious man flatters himself that, in the splendid situation to which he advances, he will have so many means of commanding the respect and admiration of mankind and will be enabled to act with such superior propriety and grace that the luster of his future conduct will entirely cover, or efface, the foulness of the steps by which he arrived at that elevation.¹⁵

Thus, sympathy, for all its social usefulness, needs help in order to ensure moral outcomes. These lengthy quotes illustrate the high level of interdependency that Smith saw in human behavior. They also show that he did not believe that the approbation, fellow-feeling, and approval-seeking of sympathy would be enough to maintain a moral and just social order. The dark side of human nature seemed to overpower the virtuous side too frequently. This darker side

of human nature is most apparent in the selfish passions consisting of self-preservation, grief, joy, and pain/pleasure choices, because the unsocial passions of hate, envy, and revenge are more easily controlled. This is true because a social consensus against the exercise of these unsocial passions exists from sympathy alone.

If sympathy were all there is to becoming moral, it would be clear that MacIntyre is right about Smith. However, something outside of our innate tendencies must have given Smith justification for being concerned about the way that the rich are revered and the poor are ignored. Since sympathy alone is insufficient to condition the selfish passions, these passions need another safeguard. This safeguard, for Smith, is the "impartial spectator."

The Impartial Spectator: The Second Building Block of Smith's Moral System

Moral discernment requires a stronger foundation than a simple desire to be praised. To be truly moral is to develop the ability to do what is right rather than simply to do what is considered acceptable by the masses. In order to do right,

I divide myself, as it were, into two persons; and that I, the examiner and judge, represent a different character from that other I, the person whose conduct is examined into and judged of. The first is the spectator, whose sentiments with regard to my own conduct I endeavor to enter into, by placing myself in his situation, and by considering how it would appear to me, when seen from that particular point of view. The second is the agent, the person whom I properly call "myself," and of whose conduct, under the character of a spectator, I was endeavoring to form some opinion.¹⁶

Operating as the first "I" in the situation described here is to tap into the moral discernment of the impartial spectator. The perspective of this observer helps one see what is praiseworthy and virtuous. Smith presumed that people are capable of stepping outside themselves, going beyond mere sympathy, to make an impartial assessment that considers all aspects of the behavior. In the case of praise and blame, Smith is clear that what one's peers think in the sympathy process is less important than what one senses is right. Something inside a person causes him to avoid undue praise. In fact, the motivation for good behavior comes from the desire of people not only to be praised but to be genuinely worthy of praise. In the same manner, if blamed, one expects to be truly blameworthy. "Man naturally desires, not only to be loved but to be

lovely; or to be that thing that is the natural and proper object of love. He naturally dreads, not only to be hated but to be hateful; or to be that thing that is the natural and proper object of hatred.”¹⁷

Blame that is known to be unworthy does not hurt as much as deserved blame, and praise that is unworthy does not gratify as much as praise that is worthy. The difference between the worthy and unworthy is discerned by the impartial spectator. To be virtuous is to desire praiseworthiness and to avoid being worthy of blame, but something outside of the innate sympathies of people informs the impartial spectator about what is praiseworthy and blameworthy.

Smith has many examples of this influence of the impartial spectator. People who use makeup to cover a bad complexion are not genuinely flattered by compliments on their good complexion. Alternatively, people who perform heroic acts do so, recognizing that they may not live to receive any praise. In short, people in their best moments seek what is virtuous. Yet, the origin of this spectator upon which we rely to discern virtue is still somewhat ambiguous. Does it represent humanity as it ought to be if it recognizes its true telos or is it little more than the polling of an impartial audience at a game show?

In comparing the screen of sympathy with the impartial spectator, Smith declares

But though man has, in this manner, been rendered the immediate judge of mankind, he has been rendered so only in the first instance; and an appeal lies from his sentence to a much higher tribunal, to the tribunal of his own conscience, to that of the supposed impartial and well-informed spectator, to that of the man within the breast, the great judge and arbiter of their conduct.¹⁸

The lower and higher tribunals relate respectively to the desire to be praised and the desire to be praiseworthy. Peer judgments relate to the desire to be praised, but the impartial spectator calls us to desire the virtue of being praiseworthy. The Creator has endowed all humans with both of these tribunals as complementary screens of behavior. The lower tribunal deals with the behavior itself and whether it is generally agreeable to others. The higher tribunal deals with the motives behind the action and the sincerity of the action. “The man who is conscious to himself that he has exactly observed those measures of conduct that experience informs him are generally agreeable, reflects with satisfaction on the propriety of his own behavior. When he views it in the light in which the impartial spectator would view it, he thoroughly enters into all the motives that influenced it.”¹⁹

Smith's concern for human motivation is clearly tied to the role of the impartial spectator. Desirable consequences alone do not imply moral action. Emma Rothschild highlights this point and makes the claim that the tension being dealt with throughout the theory of moral sentiments is the degree to which morality is based on consequences or intentions. She concludes that "To be contemptuous of individual intentions, to see them as futile and blind, is to take a distinctively un-Smithian view of human life."²⁰ According to Fitzgibbons, Smith saw God guiding the world through the laws of nature and, in a parallel manner he guided humans through the impartial spectator.²¹

In addition to dealing with the inner motivations of our actions the impartial spectator helps condition our perspective, which is so influenced by our own interests, so that the larger social interest results. In an extended example, Smith tells of a person who injures his finger on the same day that China was ravaged by an earthquake. While the self-interest of the injured person is to complain about his finger, he comments to his neighbors on the horror of the earthquake instead. Smith asks the obvious question:

When our passive feelings are almost always so sordid and so selfish, how comes it that our active principles should often be so generous and so noble? ... It is not the soft power of humanity, it is not that feeble spark of benevolence that Nature has lighted up in the human heart, that is thus capable of counteracting the strongest impulses of self love. It is a stronger power, a more forcible motive, which exerts itself upon such occasions. It is reason, principle, conscience, the inhabitant of the breast, the man within, the great judge and arbiter of our conduct. It is he who, whenever we are about to act so as to affect the happiness of others, calls to us, with a voice capable of astonishing the most presumptuous of our passions, that we are but one of the multitude, in no respect better than any other in it; and that when we prefer ourselves so shamefully and so blindly to others, we become the proper objects of resentment, abhorrence, and execration.²²

Here Smith links the impartial spectator to reason, something that MacIntyre argues is absent from Enlightenment morality. For Smith there appears to be a private self-interest and a social interest with the impartial spectator drawing humanity away from the private to the social interest. The impartial spectator in this case is beyond the soft power of humanity or the innate social passions. Though the source of the impartial spectator is ambiguous in this passage, it seems considerably removed from human nature, custom, and habit.

In fact, Smith criticizes the speculations of philosophers, or “quibbling dialectics” as he calls them, because they do not seek the wisdom of the impartial spectator.

If we examine the different shades and gradations of weakness and self-command, as we meet with them in common life, we shall very easily satisfy ourselves that this control of our passive feelings must be acquired, not from the abstruse syllogisms of a quibbling dialectic but from that great discipline that Nature has established for the acquisition of this and of every other virtue; a regard to the sentiments of the real or supposed spectator of our conduct.²³

Smith does not root morality in our ability to attach self-command to sympathy or to our ability philosophically to discern right from wrong. Rather, he looks to the impartial spectator that comes to us from creation and is outside of ourselves—but people often do not have constancy in following the impartial spectator, so the moral battle is ever-present. In one example of a person in distress, Smith describes the battle that goes on between the selfish passions and the impartial spectator.

His own natural feelings of his own distress . . . presses hard upon him, and he cannot, without a very great effort, fix his attention upon that of the impartial spectator. Both views present themselves to him at the same time. His sense of honor, his regard to his own dignity, directs him to fix his whole attention upon the one view. His natural, his untaught and undisciplined feelings, are continually calling it off to the other. He does not, in this case, perfectly identify himself with the ideal man within the breast, he does not become himself the impartial spectator of his own conduct.²⁴

In other words, the inability to appropriate the ideal impartial spectator limits the ability of people to live a truly moral life. The language and context of this discussion points toward a view of the impartial spectator that approximates the conscience as it is used in modern discussion. There is a spiritual component to the conscience, but it can be easily abused by human weakness. In a similar manner, there are times when public pressure opposes the impartial spectator’s judgment for a person, and in those times the influence of the spectator will become weak and faltering, leaving the person with sympathy alone to guide action.

In such cases, this demigod within the breast appears like the demigods of the poets, though partly of immortal, yet partly, too, of mortal extraction. When his judgments are steadily and firmly directed by the sense of praiseworthiness and blameworthiness, he seems to act suitably to his divine extraction: But when he suffers himself to be astonished and confounded by the judgments of ignorant and weak man, he discovers his connexion with mortality, and appears to act suitably, rather to the human, than to the divine, part of his origin.²⁵

The All-Seeing Judge of the World: The Still-Higher Tribunal

This divine and human extraction of the impartial spectator leaves the possibility of unsolved moral dilemmas where there is no reliable guidance left for a person involved in such a situation. Commenting on the mortal side of the impartial spectator, Smith concludes that there are times when the impartial spectator is no more dependable than the man without (sympathy of public) that accepts options that are not just or ethical.

In such cases, the only effectual consolation of humbled and afflicted man lies in an appeal to a still-higher tribunal, to that of the all-seeing Judge of the world, whose eye can never be deceived and whose judgments can never be perverted. A firm confidence in the unerring rectitude of this great tribunal, before which his innocence is in due time to be declared, and his virtue to be finally rewarded, can alone support him under the weakness and despondency of his own mind, under the perturbation and astonishment of the man within the breast, whom nature has set up as, in this life, the great guardian, not only of his innocence but of his tranquility. Our happiness in this life is, thus, upon many occasions, dependent upon the humble hope and expectation of a life to come: a hope and expectation deeply rooted in human nature, which can alone support its lofty ideas of its own dignity.²⁶

Smith believed that the idea of life beyond death where justice is fully realized is a valuable contributor to the willingness of people to transcend a weak man *within* and a faulty man *without*. Having this fully immortal backup to the impartial spectator, whether real or imagined, would be the final line of defense against antisocial behavior. Religious values could be very beneficial to a social order. In this sense, Smith, though espousing only a natural religion, did adopt a concept of telos that specified how people would behave if they live up to their essential purpose.

The Stoic tradition, which can be seen beneath the surface of Smith's moral analysis, came through several phases from early Hellenistic philosophy through the Roman period up to the third century. Fundamental to Stoic thinking is the notion that the world is an ideally good organism that operates as a system with each part serving the whole. A divine logos, or primary moving force, ordained the system and acted as its guide, but direct access to the Creator rather than submission to the created order is an error of Christianity. Moral development, in the Stoic view, involved an ever-expanding sense of one's self-interest until the good of the whole is foremost even to the point of sacrificing what would commonly be one's personal interest, though later Stoicism developed a more pragmatic, ethical posture.

The notion of self-control in Stoicism gives clues as to how one progresses morally. Smith's ability to connect the Stoic organismic view of the world with the mechanistic natural concepts of the Enlightenment provided a broad base on which Smith built his views. The notion of moral progress in Stoicism when blended with the Enlightenment ideas of moral precepts led Smith to his three-level approach to the moral socializing of behavior. The ability to exercise sympathy, appropriate to the impartial spectator and, if need be, the final judge of our conduct, can be seen as a marriage of Stoic moral development and the secular virtue concepts of David Hume. While there may be no teleology in Hume, one can see Stoic threads in Smith that make the teleological claims plausible.

The Role of Rules in Proper Conduct

Smith believed that if the proper institutional structures were established and new rules of the economic game could be established, then a new era of economic performance would result. The reason for established rules in a social order relates to the problem of appropriating the impartial spectator. Since all the circumstances and motivations must be known before the impartial spectator can authoritatively speak, and because humans rarely know those things in advance, it is necessary to set up general practices and rules that simplify the moral discernment process. "So partial are the views of mankind with regard to the propriety of their own conduct, both at the time of action and after it; and so difficult is it for them to view it in the light in which any indifferent spectator would consider it."²⁷

Given this problem and the fact that individuals are easily self-deceived, Smith sees in nature a method that can standardize behavior effectively. We observe behavior that generates individual welfare and social harmony, and

we see behavior that does not. "It is thus that general rules of morality are formed. They are ultimately founded upon experience of what, in particular instances, our moral faculties, our natural sense of merit and demerit, approve, or disapprove of."²⁸ Once the rules are established, it becomes the duty of everyone to follow the rules. Apparently, nature reinforces the opinion that the Deity is behind the rules and will subtly enforce them. "Those vice-regents of God within us, never fail to punish the violation of them, [rules] by the torments of inward shame and self-condemnation; and, on the contrary, always reward obedience with tranquility of mind, with contentment, and self-satisfaction."²⁹

Conversely, for Smith, the rules are limited in their purpose. In discussing the operation of virtue development, Smith divides the process into efficient and final causes. The efficient cause of the heart, arteries and veins, or the digestive track in the body is to circulate blood and process food respectively. The efficient cause of the wheels of a clock is to spin with consistency. The final cause of the body is to make human life meaningful, and the final cause of the watch is to tell time. At this point Smith claims that we are trying to do too much if we focus on final causes.

But though, in accounting for the operations of bodies, we never fail to distinguish in this manner the efficient from the final cause, in accounting for those of the mind we are apt to confound these two different things with one another. When, by natural principles we are led to advance those ends, which a refined and enlightened reason would recommend to us, we are very apt to impute to that reason, as to their efficient cause, the sentiments and actions by which we advance those ends, and to imagine that to be the wisdom of man, which, in reality, is the wisdom of God.³⁰

This passage illustrates Smith's concern that we confuse natural systems, which function as efficient causes, with the ends of social organization, which are the final causes. In short, the natural system is God's design and the tendencies and forces that he programs into the system guide those concerned with morality to the virtues that God intends for us—but the guiding process is toward an end, which is more than simply a viable social order or an efficient economy. The goal is to achieve the perfection of human nature. "And hence it is, that to feel much for others and little for ourselves, that to restrain our selfish, and to indulge our benevolent affections, constitutes the perfection of human nature; and can alone produce among mankind that harmony of sentiments and passions in which consists their whole grace and propriety."³¹ This surely represents a vision of the essential purpose of human creation and

the role of the impartial spectator and the higher tribunal are not trivial in this process of perfecting human nature.

MacIntyre's reading of Smith at this point sees Smith's view of nature as a substitute for the Christian God. When applied to a setting such as economics, nature prescribes principles or rules that when submitted to properly, become a system of prudence. When a similar approach is taken in the moral realm, ethics and moral reflection become a prudential rule following enterprise. When Smith says, "The man who acts according to the rules of perfect prudence, of strict justice, and of proper benevolence, may be said to be perfectly virtuous,"³² MacIntyre sees Smith as having a moral system that simply follows rules given in a system based on human passions. When Smith criticizes ancient moralists for ignoring the rules of justice, MacIntyre sees Smith as equating virtue with rule-following.³³ No purpose beyond the rules of prudence is recognized. While I agree that the intellectual climate in which Smith wrote would support MacIntyre's view, I believe that Smith could not easily discard the notion that there is a meaningful telos toward which, human activity should be directed. Smith's references to the design of God, his vice-regents within us, the higher tribunal, and final causation, I argue, are attempts by Smith to hold onto a sense of telos.

A Look At the Wider Literature on Smith

Joseph Cropsey would disagree with any attempt to interpret Smith as having a view that moral judgment might involve some sense of telos. To make this argument work, Cropsey adopts a materialist view of body and soul, and he interprets Smith to be saying that "the distinction between virtue and vice or between right and wrong conduct is the product of a purely mechanical process—a process not guided by free understanding of intrinsic goodness or badness but by sympathetic reaction to passion."³⁴ For Cropsey, Smith's three screens conditioning the passions (sympathy, impartial spectator, and all-seeing judge of the world) reduce to the one screen of sympathy that is the natural source of right and wrong. Also, that screen would not be a screen but, rather, an inherent part of the passions. Cropsey argues that "the traditional idea of moral education through exhortation is inferentially rejected. The true provenience of virtue is seen as the indefeasible passions themselves, not the careful conquest of the passions."³⁵

The *Theory of Moral Sentiments* is seen, in this view, as "an example of the rhetoricization of moral philosophy" where rhetoric is seen as a device to make people manageable but not necessarily good.³⁶ Cropsey does recognize

that his view makes Smith appear inconsistent. In commenting on the incompatibility of having all action originate with the passions while still accepting the need for moral judgment, Cropsey states:

Apart from the fact that Smith appears involved in an inconsistency, what meaning does the inconsistency itself have? I believe it means that the vindication of commercial society required Smith to speak of the passions of the body as the essence of man's humanity. But for reasons that we may, for convenience, refer to as the influence upon him of classical morality, he was unwilling to abandon the possibility of moral judgment.³⁷

Cropsey's view is common among some Smith scholars. They see his reliance on justice and prudence as an escape from ideology and questions of purpose, but nearly all of them do mention, as Cropsey does above, that there is something in Smith that made moral judgment and human purpose something he was not able to completely discard. This approach is similar to that of other Smith scholars such as D. D. Raphael, Ronald Coase, Emma Rothschild, Knud Haakonssen, A. L. Macfie, and T. D. Campbell. All of these writers recognize that Smith sometimes uses teleological language, but they see such references as either rhetorical concessions to existing religious sentiments or efforts to extend nature to both an object and an ideal.³⁸ Thus, Smith's moral theory is empirical and natural and can stand alone without linkages to a final cause. Sympathy and a temporal impartial spectator are sufficient screens to socialize the unsocial passions of humanity, and these screens determine what is moral and immoral.

Any attempt to ground morality in a metaphysical reality or theology is going beyond Smith's intent despite his discussions of God and a final cause. In T. D. Campbell's words, "Nature was, for Smith, as for most eighteenth-century theorists, both an object to be studied and an ideal to be brought into existence.... The resurrection of natural-law theory in the seventeenth and eighteenth centuries was part of an attempt to establish a theology that was independent of revelation and a morality that was independent of religion."³⁹ This view sees Smith as arguing for God from nature's design rather than from the need for an exogenous moral standard.

Another example of this treatment of Smith is Samuel Fleischacker's analysis of Smith. He clearly has Smith in the modern camp and, thus, minimizes any teleological basis that might be found in Smith's moral philosophy. As for Cropsey and others, there is recognition that Smith has not completely left an Aristotelian-based virtue ethics that seeks the perfection of humans. Such a process requires some understanding of a standard against which to measure

human action. Fleischacker comments on the dilemma that Smith faced in trying to reconcile an Aristotelian teleology with its hierarchical social structure, and modern liberalism with its egalitarian individualism.

Were he to follow Aristotle down the line, rooting ethics in a teleological conception of nature and praising hierarchical structures for governing polities, he could offer nothing to the ethics of a modern scientific world or to the politics of a liberal democratic one. As it happens, he differs from Aristotle in two crucial respects. The first is that he submerges, *if not quite eliminates* [italics mine], the teleology that characterizes Aristotelian ethics. The second is that he refuses to grant any natural superiority to one human being over another.⁴⁰

In fact, Smith does see a natural social hierarchy even though he might prefer it otherwise (see note 13); and even if he believes that it is submerged, Fleischacker sees something resembling telos in Smith.

One final example of this effort to make Smith thoroughly modern is Charles Griswold. He contends that teleology, which is rooted in a metaphysical biology, relies heavily on nature as the basis from which our behavior springs. Griswold dissects Smith's view of nature and concludes that Smith has rejected the Aristotelian notion that nature involves a metaphysical form or essence of a thing. For Griswold, Smith's impartial spectator puts moral behavior in the arena of self-reflection more akin to Kant's "autonomous self-legislation" than to natural moral perfection.⁴¹ However, Griswold concludes by qualifying his claims that Smith had moved away from a teleologically based moral system.

Commenting on Smith's use of nature, Griswold admits that "Smith uses the term and its cognates with great frequency throughout his work. It occurs in the title of one of his two published books, and *there may even be a role for teleology in his system*. Smith, thus, seems to be one of the last major philosophers whose work is a defense of nature, even though he has dropped some of its traditional meanings"⁴² [italics mine]. Only if one reads Smith with an openness to seeing nature as consisting of a metaphysical essence as well as a physical presence, can one see the side of Smith that shows the role of teleology in his system.

In one of the more creative treatments of Smith's moral theory, James Otteson questions the notion that Smith's references to God, a final cause, or the Author of nature are simply rhetorical concessions designed to avoid a full explanation of the harmony of nature. Otteson argues that Smith was not satisfied with an empirical explanation of how nature has equipped people with

traits that enable them to discern right and wrong. "The question is *why* we have these traits built into us. Smith's answer to this is, as we have seen, that it is part of God's or Nature's grand benevolent design."⁴³ In Otteson's view of Smith's system, it is not possible to separate the source of our traits and tendencies from the practice that leads us to a moral system that provides the social glue of life. Otteson claims that "... the issues of explaining human nature and explaining the nature of the marketplace of morals cannot be answered independently from one another—at least not without creating a truncated view of Smith."⁴⁴

Jeffrey Young points to numerous cases where Smith goes beyond contextual moral considerations and appeals to objective, external standards of morality. One case is where Smith critiques Hobbes for implying that right and wrong was merely the arbitrary will of the civil magistrate.⁴⁵ Another case involves the story of a socially sanctioned Greek practice of child abandonment. Smith opposes all such general and particular practices that might pervert our sentiments. He argues that "No society could subsist a moment, in which the usual strain of men's conduct and behavior was of a piece with the horrible practice I have just now mentioned."⁴⁶ The fact that, in Smith's mind, sentiments can be so perverted is evidence that moral judgments cannot have their foundation in human sentiments alone. Young emphasizes Smith's reliance on the "ideal spectator" as the standard of moral conduct that trumps any custom or practice approved by our sentiments alone.⁴⁷

It certainly is important to recognize that, in the hands of Jeremy Bentham, James Mill, David Ricardo, John S. Mill, and other philosophical radicals of the early nineteenth century, the notion of moral discernment related to *telos* disappeared. For them, social norms based on utilitarian ideas made morality an issue for continual social negotiation rather than for something grounded in natural or divine law. While these social thinkers drew heavily on Smith's economic principles, they ignored his moral theory. The loss of *telos* in mainstream economic thinking is more accurately attributed to these philosophical radicals than to Adam Smith.

If Smith indeed had a sense of *telos* in his moral theory, the next question to ask is, whether Smith's system is sufficient to save economics from the doom predicted by MacIntyre for those disciplines that rely on Enlightenment thinking that is devoid of *telos*. This, of course presumes that MacIntyre's assessment of the Enlightenment problem is valid in the first place. This article is not intended to explore the pros and cons of the MacIntyre thesis. Rather, it assumes that it does make some difference in economic life if a human purpose exists external to the natural passions of people. If the Christian story of

the fall of human nature points toward behavior that is bent toward the self and away from the common good, then it is reasonable to question, as MacIntyre does, whether a social system without an exogenous moral compass can be viable and flourishing in the long run.

Three Alternatives for a Moral Foundation in Economic Life

If the thesis of this article is granted, then three scenarios come to mind as possible moral frameworks for economic life.

In the first scenario, the pure Enlightenment view proposes that nature, as our senses and passions perceive it, has given us the moral tools with which to make meaningful moral judgments that are satisfying and sufficient in coordinating social activity. Thus, human nature, custom, and habit, together can provide sufficient moral and social glue for the liberal social order. David Hume might be an example of this approach.

In the second scenario, the Smithian view for which this article argues, proposes that the moral life requires moral tools given to us by creation as part of our nature, but that those moral tools presuppose some exogenous moral force toward which the essence of our being points. This sense of telos, be it real or imagined to us, is necessary and sufficient for a social order to be viable. *Moral practice cannot be separated from the source of moral life.*

In the third scenario, a typical Christian view takes the Smithian approach further by personalizing the exogenous divine moral force in a relational God who is active in real time, drawing people toward enduring values through the revelation of himself throughout history. A social order devoid of that influence falls far short of its potential. *The purpose of human life is to glorify God.*

I have tried to show in this article that Smith holds the second but not the first approach. MacIntyre sees no future for social science if it limits itself to the first approach, but his prognosis is not directed at the second approach, which I describe as Smith's view.

The final question raised in this article is whether the second approach is sufficient for a viable social system or whether the value added by the third view is needed in the long run? In other words, Is the Christian message central to social viability or is it primarily a higher calling for those whom God is calling into the kingdom of God? Is the Christian message foolishness to the world or is it part of the natural order of things, toward which, Christian econ-

omists need to point? Alternatively, the question could be asked: Is the Christian redemption of the social order a central part of the Christian agenda or is the influence of the Christian faith on the social order a desirable but nonessential by-product of a Christian witness well-lived?

The answer to these questions depends heavily on how one understands the three scenarios described above. Several options are apparent. First, if MacIntyre is right about Smith, and liberalism is devoid of a moral foundation outside of human nature, habit, and custom, then Christians become an essential force in the preservation of the liberal worldview. If view two is really only view one in disguise, then redeeming the social structures is part of the Christian calling because being the best that the secular liberal social order can be apart from Christianity is not good enough.

Second, if Smith indeed has identified in human behavior a moral force anchored by a sense of telos, then MacIntyre's prophecy is irrelevant and the liberal social order may survive and perhaps thrive without being influenced by explicitly Christian values. In other words, the best that the liberal secular social order can be, while it falls short of the radical Christian calling, is adequate for maintenance of a successful social organization since there is a telos-based morality. In this case, Christians add new radical perspectives that fulfill the deepest longings of humanity and offer more meaningful solutions to human problems, but the survival of the social system does not depend on the implementation of Christian ethics.

The line of reasoning followed in this article is that Smith's moral sentiments do provide an adequate moral base for the survival of secular liberalism. Regarding the role of Christians in the system, I will argue that they do add value to the social enterprise by living out the radical teachings of Jesus, which give full expression to the social passions of benevolence, compassion, esteem, and generosity. These passions, Smith felt, were in too-short supply to condition behavior effectively but, where practiced, they do represent a model to be emulated.

Smith never, clearly, articulated his views on religion. To him, a complete system of thought included political economy, moral philosophy, government, and natural religion. The *Wealth of Nations* covers the first category. The *Theory of Moral Sentiments* deals with the second category, and his *Lectures on Jurisprudence* cover the third category. The final area of natural religion, unfortunately, was never finished in a public work. Since he had all his unpublished papers burned upon his death, one might speculate that there was much unresolved in his mind about religion. He clearly did not believe that high virtue espoused in Greek philosophy and Christian thought was useful as a

foundation for social organization. Rather, a more-mundane, natural, moral path to economic sufficiency was needed, but I have argued here that the path toward efficiency that Smith espoused did include a moral purpose from outside the bounds of *homo economicus*. Human nature, custom, and habit are too limited a view of the moral life as Smith understood it.

It is no simple matter to argue that the Christian calling involves expressions of the social passions that would not be expected of those who do not share the same calling. Such a claim implies that Christian transformation of the social order will be limited at best or a failure at worst. The pitfalls in all directions are many. In some cases, Christians simply ignore any prophetic message and become supporters of whatever social system works for them. On the one hand, adopting a civil religion or seeing market capitalism as God's plan for economic life has been a common course of action. On the other hand, withdrawing from the ambiguities of the world and retreating into enclaves of spiritual purity is hardly consistent with the life of Jesus, which was heavily engaged with the real problems in the world around him.

Somewhere on a continuum between these two extremes there is room for debate on how Christians should respond. The purpose of this article is to show that the task of Christians need not be to save the secular system from collapse by infusing Christian principles into the system. If my interpretation of Smith is correct, the secular system has sufficient moral resources for its own survival. What Christians can do is to provide an alternative model showing how life can be more meaningful than the best that the world can offer. By doing so, they effect change on the margin without selling out to the spirit of the world.⁴⁸

Notes

1. Alasdair MacIntyre, *After Virtue*, 2d ed. (Notre Dame, Ind.: University of Notre Dame Press, 1984), 54.
2. *Ibid.*, 54.
3. *Ibid.*, 19.
4. *Ibid.*, 25.
5. Adam Smith, *The Theory of Moral Sentiments* (Indianapolis, Ind.: Liberty Fund, 1984), 131.
6. *Ibid.*, 9.
7. *Ibid.*, 10.

8. Ibid., 9.
9. Ibid., 11–12.
10. Ibid., 13.
11. Patricia H. Werhane, *Adam Smith and His Legacy for Modern Capitalism* (New York: Oxford University Press, 1991), 92–93.
12. Smith, 50.
13. Ibid., 61
14. Ibid., 62.
15. Ibid., 64.
16. Ibid., 113.
17. Ibid., 113–14.
18. Ibid., 130.
19. Ibid., 116.
20. Emma Rothschild, *Economic Sentiments* (Cambridge, Mass.: Harvard University Press, 2001), 124.
21. Athol Fitzgibbons, *Adam Smith's System of Liberty, Wealth, and Virtue* (New York: Oxford University Press, 1995), 20.
22. Smith, *The Theory of Moral Sentiments*, 137.
23. Ibid., 145.
24. Ibid., 148.
25. Ibid., 131.
26. Ibid., 131–32.
27. Ibid., 158.
28. Ibid., 159.
29. Ibid., 166.
30. Ibid., 87.
31. Ibid., 25.
32. Ibid., 237.
33. MacIntyre, 235.
34. Joseph Cropsey, *Polity and Economy* (South Bend, Ind.: St. Augustine's Press, 2001), 16.

35. Ibid., 27.
36. Ibid., 30.
37. Ibid., 20.
38. James R. Otteson, *Adam Smith's Marketplace of Life* (Cambridge: Cambridge University Press, 2002), 240–44. A brief account of these authors' views are discussed on these pages. For the primary source material, see the books listed in the bibliography under these authors' names.
39. T. D. Campbell, *Adam Smith's Science of Morals* (London: Allen and Unwin, 1971), 53.
40. Samuel Fleischacker, *A Third Concept of Liberty* (Princeton, N.J.: Princeton University Press, 1999), 140.
41. Charles L. Griswold, Jr., *Adam Smith and the Virtues of Enlightenment* (Cambridge: Cambridge University Press, 1999), 314.
42. Ibid., 314.
43. Otteson, 246.
44. Ibid., 247.
45. Jeffrey T. Young, *Economics As a Moral Science: The Political Economy of Adam Smith* (Cheltenham, U.K.: Edward Elgar Press, 1997), 40.
46. Smith, 211.
47. Young, 41.
48. The role of the Christian in culture is an ongoing topic that can never be fully resolved. Reformed theology pulls one toward the transformation of the social order by deep involvement in all the social systems. Anabaptist theology, while recognizing more and more the need for influence in the social structures, still calls for a life of discipleship that acts as an alternative parallel model to the best that the world can be. In the *Clashing Worlds of Economics and Faith* (Scottsdale, Pa.: Herald Press, 1995), I have tried to sketch out how such an alternative model might interface with a market economy, but the conversation among Christian economists will, no doubt, continue keeping both approaches mindful of the opportunities and pitfalls of each strategy.

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